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| FROM | NAME & TITLE | Khalil Zaied, Acting Director | CITY of BALTIMORE MEMO |  |
| | AGENCY NAME & ADDRESS | Department of Transportation 417 E. Fayette Street, Room 527 | | |
| | SUBJECT | Report IG 101384-106 | | |

TO

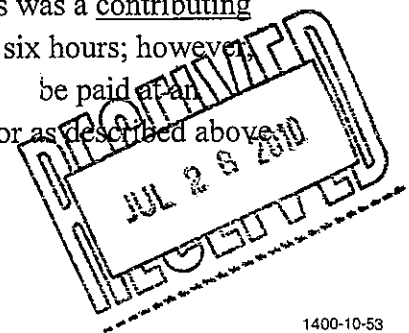
DATE: July 26, 2010

Mr. David McClintock
 Inspector General
 640 City Hall
 Baltimore, MD 21202

Dear Mr. McClintock:

Thank you for your letter and report (IG 101384-106) dated July 12, 2010. The Department of Transportation appreciates the work of the Office of the Inspector General in identifying and investigating allegations of waste, fraud and abuse in City government. We further appreciate that OIG recognizes that each Department operates with its own internal protocols and operating procedures, provided that same are consistent with the Administrative Manual, Personnel Manual, City Code, etc. Staff from the Department's Executive Office and Human Resources Office have conducted our own follow-up investigations and discussions, and provide the following comments and responses to your findings and recommendations.

- With regard to contractor _____ the Department of Transportation concurs with your finding that _____ inappropriately used City computers and did not maintain adequate logs of the hours worked. While we note that _____ "accepted" six hours of overtime compensation, we do not believe that there is evidence of any fraud committed by _____ in this regard; we believe that inadequate internal controls caused the hours to be recorded/reported incorrectly by administrative staff, resulting in the improper payments. In light of the above, the Department has decided not to renew the contract of _____ which has now expired. It should also be noted, however, that none of the findings or recommendations provide evidence of incompetence, poor work performance and the like on the part of _____. To the contrary, the Department found _____ to be a technically-sound and hard-working employee.
- With regard to _____ Division Chief
 - we concur that _____ did not maintain adequate internal controls as the supervisor of the _____ Division. The lack of adequate internal controls resulted in insufficient documentation of working hours for an extended period of time by _____. Further, the lack of internal controls was a contributing factor in _____ being paid on an overtime basis for six hours; however, there is no evidence that _____ directed that _____ be paid at an irregular rate. We believe this to be an administrative error as described above.



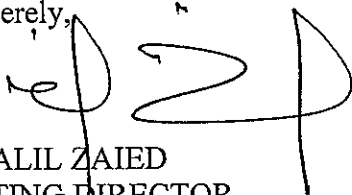
- o With regard to the specific dates listed in your report of February 5 – 10, 2010, during which time _____ was authorized by _____ to perform work outside of normal working hours, DOT would point out that the City was operating under a State of Emergency, declared by Governor Martin O'Malley per Executive Order 01.01.2010.03. Many professional and technical employees not normally engaged in snow removal efforts were pressed into service, including working from home, providing consultation by telephone and e-mail, etc. on a round-the-clock basis and for which minimal formal documentation exists. There is no evidence to suggest that _____ did not perform the work requested by _____ during this time period, nor is there any evidence that the work performed by _____ at _____ direction was inappropriate. Moreover, as a contractual employee engaged in maintaining hardware and software for a 24-7 operation, it is not unusual that _____ would have requested _____ to perform relevant services outside of "normal working hours."
- o With regard to the authorized funds being paid from an account other than that which was authorized by the Board of Estimates, we would note that this is routine and administrative in nature. During various budget reductions, numerous payroll accounts were adjusted to charge personnel expenditures to different funds or activities. Neither an employee nor a Division Chief would likely have detailed knowledge of such activities.
- o During the time period in question, a Citywide hiring freeze was in effect which significantly limited the administrative and supervisory capacities of all DOT divisions. In fact, DOT's requests to fill several administrative positions within the _____ Division and DOT's Human Resources Division were repeatedly denied by the Bureau of Budget and Management Research. For more than 7 months, only one of four professional positions within DOT Human Resources was filled; it is likely that a regular payroll review by DOT-HR would have uncovered the mistaken billing of overtime hours by a contractor employee. The lack of adequate administrative and supervisory staffing resulted in an overburdened workflow and cross-checking system normally in place within DOT. While this does not excuse the mistakes which were made, we believe that staffing levels must be viewed as a contributing factor.

In light of the above, _____ has been counseled and will be provided additional assistance in strengthening internal controls of payroll records in the _____ Division.

- With regard to the agency-wide recommendations, the Department of Transportation:
 - Concurs with the recommendation that the _____ Division reevaluate and strengthen its recording of employee and contractor time. The Department will apply this recommendation on an agency wide basis and provide copies of our written guidelines within 60 days of your final report.
 - Concurs with the recommendation of a written work-from-home policy. As City government's chief advocate of programs to reduce traffic congestion and improve air quality, the Department of Transportation should likewise serve as a model for effective policies and systems to promote work-from-home/telecommuting. The Department of Transportation will consult with the Labor Commissioner and the Department of Human Resources to develop a written work-from-home/telecommuting policy and provide copies of same to your office within 60 days of your final report.

Again, the Department of Transportation appreciates the opportunity to review and comment on the report in this matter and we look forward to a final report which considers our comments above.

Sincerely,

A handwritten signature in black ink, appearing to read 'Khalil Zaid', written over the printed name.

KHALIL ZAIED
ACTING DIRECTOR